



RAILROAD COMMISSION OF TEXAS

SURFACE MINING AND RECLAMATION DIVISION

April 2, 2010

Mr. Josh Leftwich
Environmental Manager
Uranium Energy Corporation (UEC)
400 Mann Street, Suite 900
Corpus Christi, Texas 78401



RE: Weesatche Project, Goliad County
Uranium Exploration Permit No. 123C
Inspection Report

Dear Mr. Leftwich:

Enclosed is a copy of the report for the inspection completed on March 31, 2010, at UEC's Weesatche Project, Goliad County.

If you have any questions, please contact me at (512) 305-8813.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mark Schlimgen".

Mark Schlimgen, Manager
Inspection and Enforcement

MS/sdj
Enclosure



RAILROAD COMMISSION OF TEXAS

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URANIUM EXPLORATION INSPECTION REPORT

Project Name: Weesatche Permit Number: 123C
 Permittee: UEC County: Goliad
 Industry Representative(s) Present: James Gale
 Inspector: Steve Meadows Date of Inspection: March 31, 2010

I. Field Conditions and Data Collection

Samples Collected: No ☒ Yes ☐ Sample Type: Water ☐ Soil ☐ Vegetation ☐

Average Temperature 70 Soil Condition Dry Date Last Rainfall N/A Wind Direction/
 Velocity (Est.) Calm

Photographs Attached: No ☐ Yes ☒ (Complete Section IV)

II. Enforcement Action Taken

Notice of Violation Issued: No ☒ Yes ☐ NOV No. _____

Cessation Order Issued: No ☒ Yes ☐ CO No. _____



Steve Meadows

04/01/2010

Inspector Signature

Date

Mark Schlangen 4/1/2010

Reviewing Supervisor Signature

Date

The Railroad Commission of Texas complies with Federal and State laws applicable to race, religion, national origin, sex, and disability. Information is available upon request by calling (512) 463-7288 or 1-800-735-2989 if special assistance is required.

Project Name: Weesatche
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III. Comments – Inspection Narrative

- Document the area of the permit inspected
- Discuss observations made during the inspection
- Document the results of any field tests taken
- Provide a summary of any discussions with industry representatives, along with results, and expectations from those discussions
- Describe any enforcement action taken during the inspection, along with facts or evidence supporting the enforcement action

UEC Permit No. 123C expired on 2-26-2010 without renewal application. No exploration activity was in progress at the time of the permit expiration. An application for a new exploration permit is currently under review.

No exploration drilling is currently in progress at UEC Permit No. 123C. Exploration drilling locations on the Bluntzer lease were inspected for possible subsidence issues and to assess the status of re-vegetation. The PVC pipe used to mark the exploration boreholes was still in place at some of the previously inspected drilling locations on this property. Other than the markers, there is little evidence of past exploration activities as documented in Photos 1-4.

A series of 18 exploration boreholes on the P2-07 or Tolbert lease were individually inspected for compliance with the regulations and permit requirements on 8-14-08. This area consists of a hayfield, kept mowed for agricultural purposes. The P2-07 area was last inspected on 4-23-09 to check for incidents of mud pit subsidence with none observed. I again inspected the area during this inspection. The area documented in Photos 5-8 shows the advancement of re-vegetation and lack of significant subsidence as seen over the period from August 2008 to March 2010. Two drilling locations exhibited minor subsidence in the mud pit trench area as seen in Photos 9-10. UEC representative James Gale noted the locations and stated that the re-dressing of the drilling locations will be completed, as equipment is available. The majority of UEC equipment including logging trucks and backhoes has been re-located to Palangana or Hobson for on-going projects at those locations.

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VI. Photographs

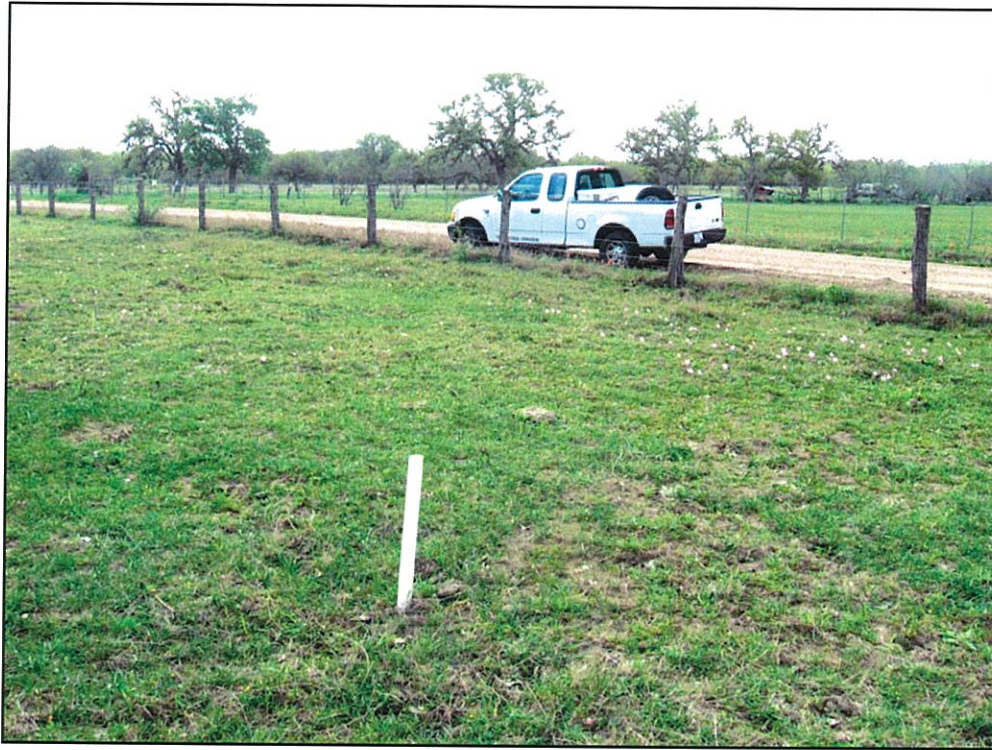


Photo 1: Site restoration at marked exploration borehole on Bluntzer lease of UEC Permit No. 123C.



Photo 2: Bluntzer lease exploration borehole.

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VI. Photographs



Photo 3: Re-vegetation at Bluntzer drilling location.



Photo 4: Drill location on Bluntzer lease.

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VI. Photographs



Photo 5: Exploration borehole at P2-07 lease as seen on 8-14-2008.



Photo 6: P2-07 lease exploration borehole as seen on 4-23-09.

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VI. Photographs



Photo 7: P2-07 lease drilling location site restoration as seen on 3-31-10.



Photo 8: P2-07 lease drilling location as seen on 3-31-10.

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VI. Photographs



Photo 9: Minor subsidence at marked P2-07 drilling location.



Photo 10: P2-07 drilling location.